

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6838

BILL NUMBER: HB 1193

NOTE PREPARED: Jan 1, 2008

BILL AMENDED:

SUBJECT: Funding for Adult Education.

FIRST AUTHOR: Rep. Simms

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that a school corporation that operates an adult education program at a cost greater than the amount of its state reimbursement for the program is entitled to payment from any other school corporations whose students attend the program in an amount equal to the difference between the cost of the program for those students and the reimbursement amount.

The bill specifies that if a school corporation whose students attend the program does not pay the required amount, the Treasurer of State may intercept state distributions to that school corporation and pay the school corporation that conducted the program.

Effective Date: July 1, 2008.

Explanation of State Expenditures: The bill allows a school corporation to request the State Treasurer to redirect state distribution if the school where the adult lives does not reimburse the school educating the adult the net cost of education. The reductions are first from property tax replacement funds, second from other funds except tuition support, and lastly from tuition support. The bill would have no impact on the amount of state funds distributed, but could increase administrative costs depending on the number of schools that utilize the intercept procedure. The increase in administrative cost would probably be minor.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: The sending school would experience a reduction of state revenue, and

the school providing the adult educational services would experience an increase in state revenue. It is unknown if or how often the intercept procedure would be used, so the impact on schools is unknown.

Background: As an example, the Porter Adult Education Program provides adult education programs to six counties in northwest Indiana. Twenty-seven schools were billed \$268,251 for adult education services not paid by the state. Of that amount, about \$110,000 went unpaid. The program generally experiences a shortfall of about \$300,000 annually. It is unknown if other adult education programs experience similar funding problems.

State Agencies Affected: State Treasurer.

Local Agencies Affected: School Corporations.

Information Sources:

Fiscal Analyst: Chuck Mayfield, 317-232-4825.